

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-06 ISO-00 EB-07 OPIC-03 CIEP-01 TRSE-00

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R 162210Z DEC 75

FM SECSTATE WASHDC

TO AMEMBASSY FREETOWN

C O N F I D E N T I A L STATE 296317

E.O. 11652: NA

TAGS: EGEN

SUBJ: GTE IN SIERRA LEONE

REF: LOU FREETOWN 3030

1. EXIMBANK ASSISTANCE FOR GTE SALE WAS AUTHORIZED UNDER EXPORT CREDIT INSURANCE PROGRAM THROUGH FCIA. AT THE TIME OF EXIMBANK AUTHORIZATION, CONTRACT PRICE OF US PROCUREMENT WAS INDICATED TO BE DOL1,945,000. EXIMBANK HAS NOT BEEN APPROACHED FOR INCREASE.

2. AS IS TYPICAL UNDER FCIA INSURANCE TRANSACTIONS, THE INTEREST RATE IS ESTABLISHED BY THE US SUPPLIER AND GENERALLY REFLECTS THE MARKET RATE COMMERCIAL BANK WOULD EXPECT. IN CONTRAST, DIRECT LOANS BY EXIMBANK ARE AS LOW AS 8-1/4 PERCENT. APPARENTLY SHEBECK HAS CONFUSED THE TWO PROGRAMS.

3. THE FEE CHARGED GTE BY FCIA FOR THE INSURANCE IS DOL4.70 PER DOL100 OF FINANCED PORTION. US SUPPLIERS GENERALLY BUILD IN SUCH FEES EITHER IN CONTRACT PRICE, INTEREST RATE OR SEPARATE CHARGE.

4. BECAUSE GTE IS SENSITIVE ABOUT ITS NEGOTIATION WITH GOSL,
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ABOVE SHOULD BE FOR EMBASSY INFORMATION ONLY. INGERSOLL

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Message Attributes

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